

Congressman Bright Calls for Extended Tax Relief for Families, Small Businesses

WASHINGTON,

DC- Congressman Bright sent a letter to President Obama yesterday, urging him to extend the tax cuts enacted in 2001 and 2003 in his Fiscal Year 2011 budget request. Seven other Members of Congress from both parties joined Bright in signing the letter. The letter states: In order to provide continued assistance to small businesses and further stimulate the economy, we believe your budget should extend the 2001 and 2003 tax rates rather than overhaul the current tax code. We look forward to working with you to enact policies that spur job growth, incentivize business expansion, and reduce the deficit in a way that allows our economy to fully recover from this difficult economic period.

Last

week, Congressmen Bright and Michael McMahon (D-NY) took the lead in circulating a "Dear Colleague" letter, which requested signatures for the letter. In addition to Bright and McMahon, signatories are Jim Himes (D-CT), Frank Kratovil (D-MD), Leonard Lance (R-NJ), Eric Massa (D-NY), Harry Mitchell (D-AZ), and Mark Souder (R-IN).

The

National Federation of Independent Business (NFIB) supports Congressman Bright's efforts. They made the following statement on extending the tax cuts:

"We

appreciate Representative Bright's leadership on this important issue. Raising taxes is never a good idea when the economy is trying to recover from a recession. The vast majority of small business owners pay their taxes at the individual level and allowing the 2001 and 2003 lower tax rates to stay in place will benefit those businesses. It will also give small business some certainty as they make critical decisions about expanding their business,"

said Brad Close, NFIB vice president, federal public policy.

"Small businesses are the engine of our economy, generating seven out of ten new jobs and leading our economy out of past recessions. The NFIB thanks Representative Bright for standing up for small business owners, our nation's job creators," Close continued.

In addition to the President, the Chairman and Ranking Member of the Budget Committee received copies of the letter. The text of the letter is pasted below, and an copy is attached to this release.

The
Honorable Barack H. Obama

President
of the United States

The
White House

1600
Pennsylvania Avenue, NW

Washington,
DC 20500

Dear
President Obama:

We write to urge you to extend the tax rates established in the Economic Growth and Tax Relief Reconciliation Act of 2001 and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (2001 and 2003 tax cuts) for at least two years or until our economy fully recovers from this devastating recession. The federal government has pursued many avenues to ensure our economy recovers from this recession, but allowing the 2001 and 2003 tax rates to expire could undermine any progress that has been made. As you draft the budget for Fiscal Year 2011, we believe the 2001 and 2003 tax rates should be extended in order to provide additional

stability for individuals and small businesses as they continue to strengthen and grow our economy. Allowing these tax rates to expire during this recession runs the risk of curtailing economic expansion just when it begins to pick up and could lead to a "double dip" recession that would result in even more hardship for the American people.

We are all concerned about ways to reduce the size of the federal deficit and strongly support returning our nation to a path of fiscal stability. However, allowing the 2001 and 2003 tax rates to expire at the end of 2010 before our economy fully recovers may significantly hinder job growth. Returning to the pre-2001 tax policies could also reduce our ability to bring our deficit under control over the long term by limiting economic expansion during this crucial period.

As you know, the 2001 and 2003 tax cuts lowered rates on ordinary income, dividends, and capital gains. These taxes are crucial to the engines of growth in our economy: our small businesses. Because the vast majority of small business owners pay their taxes at the individual level, allowing the current tax rates to remain in place will directly extend the benefit to their businesses. It will also give small businesses some financial security as they make critical decisions about their businesses.

According to a study conducted by the U.S. Department of Treasury in 2006, the tax relief enacted in these provisions, together with reductions in short-term interest rates by the Federal Reserve, helped stimulate economic growth and recovery after the 2001 recession. Additional studies showed that without the tax relief passed in 2001, 2002, and 2003, as many as 3 million fewer jobs would have been created by the end of 2004 and real GDP would have been as much as 3.5 to 4.0 percent lower.

As small business owners nationwide struggle to keep their doors open, it is critical that we maintain policies that foster job creation. In order to provide continued assistance to small businesses and further stimulate the economy, we believe your budget should extend the 2001 and 2003 tax rates rather than overhaul the current tax code. We look forward to working with you to enact policies that spur job growth, incentivize business expansion, and reduce the deficit in a way that allows our economy to fully recover from this difficult economic period.

Letter to President Obama on extending 2001 and 2003 tax cuts

